

DEPARTMENT OF TRANSPORTATION
OFFICE OF THE DIRECTOR
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*Flex your power!
Be energy efficient!*

December 10, 2009

Dear Proposition 1B Recipients:

I would like to take this opportunity to update you on the status of the Proposition 1B program funding. As you are aware, in March and April 2009, bonds were sold that provided funding for ongoing construction projects and allowed the California Transportation Commission (CTC) to allocate funds for new construction projects. The California Department of Transportation (Department) manages the bond funds on a cash flow basis and maintains a cash reserve sufficient to cover anticipated expenditures through the next scheduled or anticipated bond sale. Our first priority is to maintain the ongoing construction contracts before allocating funds for new projects.

In October 2009, the State Treasurer's Office (STO) sold \$4.1 billion worth of bonds. From the proceeds, the Department received \$307 million, enough to fund our ongoing construction projects through the end of the 2009-10 fiscal year.

In November 2009, the STO sold another \$2.2 billion in bonds. This exceeded the \$1.5 billion that had been offered and provided \$716 million to the Department for transportation projects. These proceeds will be used to provide additional funding for the ongoing construction projects, pay for the right of way and bond support for the 2010-11 fiscal year and will provide some funding for new construction allocations and transit funding.

The Department will be preparing a funding recommendation and requesting allocations at the January CTC meeting. The recommendation will take into account the cash flow needs of the current construction projects, timing of the next bond sale, and amount of funding the Department may receive from the next bond sale. While we know that there are over \$2 billion worth of construction projects and \$125 million of transit projects ready to go, the funding available will not support starting all of the delivered projects at this time. We are also aware that all of these projects are a high priority for their communities to retain and create jobs and provide economic stimulus.

The Department is continuing efforts to obtain additional bond funds and will keep you informed as new developments occur. Thank you for your assistance in delivering these vital projects.

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If you have any questions regarding this matter, please contact Brenda Schimpf, Proposition 1B Program Manager, at Brenda_schimpf@dot.ca.gov or at (916) 654-4252.

Sincerely,



RANDELL H. IWASAKI
Director

c: Dale E. Bonner, Secretary, Business, Transportation and Housing Agency
Bimla Rhinehart, Executive Director, California Transportation Commission